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| TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION | 1. TRANSMITTAL NUMBER: 03-46 | 2. STATE Louisiana |
| | 3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) | |
| TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES | 4. PROPOSED EFFECTIVE DATE October 21, 2003 | |

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

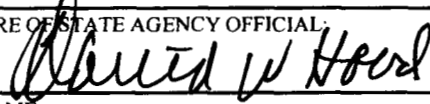
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

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| 6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 440.160 C | 7. FEDERAL BUDGET IMPACT: a. FFY <u>2003</u> \$2,907.57 b. FFY <u>2004</u> \$3,060.81 |
| 8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-A, Item 1, Page 10(1) Attachment 4.19-A, Item 14a., Page 1 Attachment 4.19-A, Item 14a., Page 2 Attachment 4.19-A, Item 16, Pages 1, 2 | 9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Same (01-13) Same (00-41) None (New Page) Same (01-13) |

10. SUBJECT OF AMENDMENT: **The purpose of this amendment is to increase the reimbursement rates paid to public state owned or operated hospitals for inpatient psychiatric hospital services. This action is necessary to encourage the continued participation of hospitals that furnish psychiatric services in the Medicaid Program.**

11. GOVERNOR'S REVIEW (Check One):

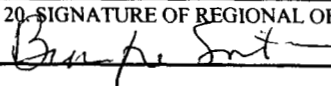
☐ GOVERNOR'S OFFICE REPORTED NO COMMENT☒ OTHER, AS SPECIFIED: **The Governor does not review state plan material**☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

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| 12. SIGNATURE OF STATE AGENCY OFFICIAL:  | 16. RETURN TO: State of Louisiana Department of Health and Hospitals 1201 Capitol Access Road PO Box 91030 Baton Rouge, LA 70821-9030 |
| 13. TYPED NAME: David W. Hood | |
| 14. TITLE: Secretary | |
| 15. DATE SUBMITTED: December 9, 2003 | |

FOR REGIONAL OFFICE USE ONLY

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| 17. DATE RECEIVED: DEC 17 2003 | 18. DATE APPROVED: APR 29 2004 |
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PLAN APPROVED - ONE COPY ATTACHED

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| 19. EFFECTIVE DATE OF APPROVED MATERIAL: OCT 21 2003 | 20. SIGNATURE OF REGIONAL OFFICIAL:  |
| 21. TYPED NAME: Charlene Brown | 22. TITLE: Deputy Director, CMSO |

23. REMARKS:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM

ATTACHMENT 4.19-A
Item 1, Page 101(1)

STATE OF LOUISIANA
PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - IN-PATIENT HOSPITAL CARE

CITATION Medical and Remedial
42 CFR Care and Services
447.253 Item 1 (cont'd.)

3. Effective March 1, 1994, a unit in a PPS exempt hospital which meets PPS exempt psychiatric unit criteria as specified II.B.2. shall also be considered a Distinct Part Psychiatric Unit included in the methodology described above.
4. Effective July 3, 2001, an increase of \$50 is applied to the current per diem rate for inpatient psychiatric services for recipients under age 21. This increase is based on additional funding allocated by the 2001 Regular Session of the Legislature.
5. Effective for dates of service October 21, 2003, the reimbursement is increased for inpatient psychiatric hospital services provided in a state owned or operated free-standing psychiatric hospital or distinct part psychiatric unit to a per diem rate based on the 50th percentile facility for costs as reported on the cost report for the year ending between July 1, 2001 and June 30, 2002. The costs utilized to determine the 50th percentile facility will include all free-standing psychiatric hospitals and distinct part psychiatric units providing services to Medicaid recipients in the state. Costs will be trended to the midpoint of the rate year using the Medicare PPS Market Basket Index.

G. Transplant Services

Routine operating costs and ancillary charges associated with an approved transplant are carved out of the hospital's cost report. Reimbursement is limited to the lesser of cost or the hospital-specific per diem limitation for each type of transplant.

Cost is defined as the hospital-specific ratio of cost to charges from the base period multiplied by the covered charges for the specific transplant type.

Per diem limitation is calculated by deriving the hospital's per diem for the transplant type from the hospital's base period trended forward using the Medicare target rate percentage for PPS-exempt hospitals each year.

The base period is the cost reporting period for the hospital fiscal year ending September 30, 1983 through August 31, 1984 or the first cost report filed subsequently that contains costs for that type of transplant.

TN# 03-46
Supersedes
TN# 01-13

Approval Date APR 29 2004

Effective Date OCT 21 2003

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM

ATTACHMENT 4.19-A
Item 14a, Page 1

STATE OF LOUISIANA
PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – OTHER TYPES OF CARE OR SERVICE LISTED IN SECTION 1902(A) OF THE ACT THAT IS INCLUDED IN THE PROGRAM UNDER THE PLAN ARE DESCRIBED AS FOLLOWS:

| <u>CITATION</u> | <u>Medical and Remedial</u> | <u>Services for Individuals Age 65 or Older in Institutions for Mental</u> |
|-----------------|-----------------------------|--|
| 42 CFR | Care and Services | <u>Diseases are reimbursed as follows:</u> |
| 440.160 | Item 14a | |
| OBRA-90 | | 1. Reimbursement Methodology |
| P.L. | | a. Payment is made at a prospective statewide per diem rate. The rate is based on the statewide weighted average cost per day, using cost reporting periods ending in 1991 as a base period and trended forward by the Health Care Financing Administration's (HCFA) target rate percentage for hospitals excluded from Medicare's prospective payment system (PPS). Rates for subsequent years will be updated annually effective January 1 of each year by increasing the previous year's per diem rate by HCFA's target rate percentage for non-PPS (PPS Exempt) hospitals/units for the applicable year. The inflationary adjustment shall be made by applying the inflation factor applicable to the current fiscal year to the most recently paid per diem rate. |
| 101-508 | | b. Effective for dates of service October 21, 2003, the reimbursement is increased for inpatient psychiatric hospital services provided in a state owned or operated free-standing psychiatric hospital or distinct part psychiatric unit to a per diem rate based on the 50th percentile facility for costs as reported on the cost report for the year ending between July 1, 2001 and June 30, 2002. The costs utilized to determine the 50th percentile facility will include all free-standing psychiatric hospitals and distinct part psychiatric units providing services to Medicaid recipients in the state. Costs will be trended to the midpoint of the rate year using the Medicare PPS Market Basket Index. |
| Sections | | 2. Provisions for Disproportionate Share Payments |
| 4702-4703 | | a. Effective for services provided on or after July 1, 1988, hospitals qualifying as disproportionate share providers shall have payment adjustment factors applied in accordance with the guidelines outlined in Attachment 4.19-A, Item 1, Section D. |
| | | b. In addition to the above adjustment, effective for services provided on or after March 1, 1993, hospitals qualifying as |

TN# 03-46
Supersedes
TN# 00-41

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STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM

ATTACHMENT 4.19-A
Item 14a, Page 2

STATE OF LOUISIANA
PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – OTHER TYPES OF CARE OR SERVICE LISTED IN SECTION 1902(A) OF THE ACT THAT IS INCLUDED IN THE PROGRAM UNDER THE PLAN ARE DESCRIBED AS FOLLOWS:

- disproportionate share providers under the guidelines outlined in Attachment 4.19-A, Item 1, Section D.1.a-d, shall have a lump sum payment issued for disproportionate share adjustment under the provisions of Section E, based on Indigent Care Days.
- c. Effective July 1, 1994, disproportionate share payments for qualifying public hospitals shall be in accordance with the methodology outlined in Attachment 4.19-A, Item 1, Section 1.D and E. Public providers will no longer receive DSH payments under the methodology in Item 1, Section E.
 - d. Disproportionate share payments cumulative for all DSH payments under the pools or any other DSH payment methodology shall not exceed the federal disproportionate share state allotment for each federal fiscal year established under Public Law 102-234.

TN# 03-46
Supersedes
TN# _____

Approval Date APR 29 2004

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STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM

ATTACHMENT 4.19-A
Item 16, Page 1

STATE OF LOUISIANA
PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – OTHER TYPES OF CARE OR SERVICE LISTED IN SECTION 1902(A) OF THE ACT THAT IS INCLUDED IN THE PROGRAM UNDER THE PLAN ARE DESCRIBED AS FOLLOWS:

CITATION Medical and Remedial
42 CFR Care and Services
OBRA-90 Item 16
P.L.
101-508
Sections
4702-4703

Inpatient Psychiatric Hospital Services for Individuals Under 21 are reimbursed as follows:

1. Reimbursement Methodology

- a. Payment is made at a statewide prospective per diem rate. The rate is based on the statewide weighted average cost per day, using cost reporting periods ending in 1991 as a base period and trended forward by the Centers For Medicare and Medicaid Services' (CMS's) target rate percentage for hospitals excluded from Medicare's prospective payment system (PPS). Rates for subsequent years will be updated annually effective January 1 of each year by increasing the previous year's per diem rate by CMS's target rate percentage for non-PPS (PPS Exempt) hospitals/units for the applicable year. The inflationary adjustment shall be made by applying the inflation factor applicable to the current fiscal year to the most recently paid per diem rate.
- b. Effective July 3, 2001, an increase of \$50 is applied to the current per diem rate for inpatient psychiatric services for individuals under age 21. This increase is based on additional funding allocated by the 2001 Regular Session of the Legislature.
- c. Effective for dates of service October 21, 2003, the reimbursement is increased for inpatient psychiatric hospital services provided in a state owned or operated free-standing psychiatric hospital or distinct part psychiatric unit to a per diem rate based on the 50th percentile facility for costs as reported on the cost report for the year ending between July 1, 2001 and June 30, 2002. The costs utilized to determine the 50th percentile facility will include all free-standing psychiatric hospitals and distinct part psychiatric units providing services to Medicaid recipients in the state. Costs will be trended to the midpoint of the rate year using the Medicare PPS Market Basket Index.

TN# 03-46
Supersedes
TN# 01-13

Approval Date APR 29 2004

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STATE OF LOUISIANA
PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – OTHER TYPES OF CARE OR SERVICE LISTED IN SECTION 1902(A) OF THE ACT THAT IS INCLUDED IN THE PROGRAM UNDER THE PLAN ARE DESCRIBED AS FOLLOWS:

2. Provisions for Disproportionate Share Payments
 - a. Effective for services provided on or after July 1, 1988, hospitals qualifying as disproportionate share providers shall have payment adjustment factors applied in accordance with the guidelines outlined in Attachment 4.19-A, Item 1, Section D.
 - b. In addition to the above adjustment, effective for services provided on or after March 1, 1993, hospitals qualifying as disproportionate share providers under the guidelines outlined in Attachment 4.19-A, Item 1, Section D.1.a-d, shall have a lump sum payment issued for disproportionate share adjustment under the provisions of Section E, based on Indigent Care Days.
 - c. Effective July 1, 1994, disproportionate share payments for qualifying hospitals shall be in accordance with the methodology outlined in Attachment 4.19-A, Item 1, Sections 1.D and E. Public providers will no longer receive DSH payments under the methodology in Item 1, Section D.
 - d. Disproportionate share payments cumulative for all DSH payments under the pools or any other DSH payment methodology shall not exceed the federal disproportionate share state allotment for each federal fiscal year established under Public Law 102-234.